

CD Program FY 2017 Application Review	HOUSING	Staff Contact: Adam Fulton
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Summary of Housing Applications

Applicants submitted five applications for Community Development Block Grant – Affordable Housing funding for fiscal year (FY) 2017. Requests totaled approximately \$1.3 million. Some applicants cited an interest in both the CDBG-Housing and HOME program areas. The requests include programs that have been funded for many years, including HRA and OneRoof programs related to the Housing Resources Connection. In FY 2016, the City’s Community Development program funded \$840,566 of CDBG – Affordable Housing applications, or approximately 38% of total CDBG awarded to the City. The CD Committee recommended a target of 30% of total CDBG funds be allocated toward the Affordable Housing category for FY 2017.

Approach to Application Review

Applications will be reviewed for consistency with the consolidated plan and evaluated to determine compliance with federal regulations. The proposals are also reviewed based on the need for the proposed projects, benefits to the community, budget, and project readiness.

Applications Received

Code	Proposal Name	Organization	Amount
2017-27	CLT Acquisition-Rehab	OneRoof	\$ 330,000
2017-22	Comfort at Home	Eco3	\$ 45,000
2017-24	Duluth Property Rehab Program	HRC	\$ 584,000
2017-28	House3: Resilient Housing	Eco3	\$ 75,000
2017-32	Lincoln Park Housing / Business Develop.	AICHO	\$ 250,000

Total: \$1,284,000

Consolidated Plan Housing Goals

Consolidated Plan Goal #1: Affordable Rental Housing

- Assist households to secure housing through affordable rental development
- Improve energy efficiency of rental units
- Rehab multifamily units to meet Healthy Homes Standards

Consolidated Plan Goal #3: Affordable Homeowner Housing

- Assist families to become homeowners by addressing value and/or affordability gaps and by increasing the supply of quality affordable single family housing
- Improve energy efficiency of single family housing units
- Rehab single family units to meet Healthy Home Standards

Consolidated Plan Goal #8: Neighborhood Revitalization

- Address vacant, substandard properties that may or may not be suitable for rehab
- Acquire blighted properties and lots for demolition and redevelopment activities

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APPLICATION #2017-27: One Roof CLT Acquisition-Rehab

Brief Description of Application (including activities and target clientele):

- One Roof requests \$330,000 to acquire and renovate eleven (11) blighted properties. The properties will be entered into their Community Land Trust (CLT) program to maintain long term affordability. The proposal is focused on serving solely LMI participants.
- Per-rehab costs to the program are approximately \$30,000.
- Hard costs associated with the property rehab range between \$75,000-\$85,000, so One Roof must leverage significant non-CDBG resources to complete the project.

Application goals/outcomes and relation to Consolidated Plan:

- Goal #3, Affordable Home Owner Housing. The proposal would fund 11 new homes. The goal of the Consolidated Plan is for 725 rehabbed owner-occupied units by 2019.

Budget and Project Readiness:

- One Roof has secured \$951,500 in Greater Minnesota Housing Fund (GMHF) interim financing funding. The budget calls for further leverage from other sources including MHFA, GMHF, and the Federal Home Loan Bank. One Roof has a past history of obtaining funding from these sources, which while not yet secured, are likely to be funded.
- One Roof is up-to-date in its Community Housing Development Organization (CHDO) status.

Applicant Background:

- One Roof Community Housing and its predecessor organization has a long history of completing CLT rehabs within the community. The CDBG funds serve as a long-term permanent subsidy, ensuring that housing remains affordable through the CLT program's 99-year term for each rehabbed property.

Staff Recommendation:

- The proposal by One Roof is eligible for funding through the CDBG – Affordable Housing or the HOME categories and would leverage substantial resources into the community.

APPLICATION #2017-22: Comfort at Home

Brief Description of Application (including activities and target clientele):

- Ecolibrium3's (Eco3) Giving Comfort at Home (GC@H) program looks to reduce energy poverty by assisting LMI families with energy efficiency improvements and provide assistance for families that fall through the gaps of current housing program gaps. The target clientele for the GC@H projects is 30 households that are at or below the 80% AMI. The program is focusing on the Lincoln Park, Morgan Park, West Duluth, and Hillside neighborhoods.

Application goals/outcomes and relation to Consolidated Plan:

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- Goal #3: Affordable Home Owner Housing. Eco3's GC@H expects to serve 30 households that are at or below 80% of the AMI. The total goal is 725 owner occupied housing units served by 2019.

Budget and Project Readiness:

- Eco3 has received funds in the past, but not for the Giving Comfort at Home program. They have been able to appropriately spend CDBG funds in a timely manner.
- Eco3 is requesting \$45,000 from CDBG. \$15,000 in funds have been secured through other sources, with \$105,000 anticipated, for a funding leverage of <1:1.
- Eco3's budget and project readiness appears appropriate.

Applicant Background:

- Ecolibrium3 is located at 2304 West Superior Street, Duluth, MN 55806. Eco3 is a 501(c)3 non-profit agency that has provided energy solutions to homeowners in Duluth for many years. Eco3 has received federal funds in the past.

Staff Recommendation:

- The proposal for the Giving Comfort at Home program is eligible for funding. It meets Goal #1 and Goal #3 of the 2015 Consolidated Plan.

APPLICATION #2017-24: Duluth Property Rehab Program

Brief Description of Application (including activities and target clientele):

- Under the umbrella of the Housing Resource Connection, Duluth HRA and One Roof Community Housing request \$584,000 to fund the property rehabilitation assistance to maintain and improve Duluth's housing stock.
- Duluth HRA and One Roof are working to establish a Memorandum of Understanding to continue working on single family and rental property rehab for LMI families throughout the city.
- The partners in the HRC propose completing 125 units of single family and multi-family rehab.

Application goals/outcomes and relation to Consolidated Plan:

- Goal #1, Affordable Rental Housing (goal: 250 rehabbed units by 2019)
- Goal #3, Affordable Owner Occupied Housing (goal: 725 rehabbed units by 2019)

Budget and Project Readiness:

- The proposed HRC budget of \$584,000 for FY 2017 would break down as follows:
 - \$484,000 HRA Program Services
 - \$50,000 One Roof Program Services
 - \$50,000 Single Family Rehab

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- The application states that the HRC funding would leverage \$2,595,000 in other public funds.
- One Roof is up-to-date in its Community Housing Development Organization (CHDO) status.

Applicant Background:

- The Duluth HRA and One Roof have continued to refine their working partnership during 2016. The organizations have both an individual history of successfully completing grant projects and a history of successfully executing through the shared HRC partnership.

Staff Recommendation:

- The HRC proposal is eligible for funding in this category.

APPLICATION #2017-28: House3: Resilient Housing

Brief Description of Application (including activities and target clientele):

- Eco3' House3 program is proposing five demonstration homes for LMI families based upon a community-responsive design charrette. House3 homes are highly efficient homes featuring local manufacture with quality construction.

Application goals/outcomes and relation to Consolidated Plan:

- Goal #3: Affordable Home Owner Housing: Eco3's House3 expects to create 5 houses that are limited to households that are at or below 80% of the AMI.

Budget and Project Readiness:

- Eco3 has received funds in the past for their House3: Resilient Housing Solution. They have been able to appropriately spend CDBG funds in a timely manner.
- No funds have been secured through other sources to this date, with \$875,000 anticipated, therefore there is no funding leverage at this time.
- Eco3's budget and project readiness appears appropriate.

Applicant

- Ecolibrium3 is located at 2304 West Superior Street, Duluth, MN 55806. Eco3 is a 501(c)3 non-profit agency that has provided energy solutions to homeowners in Duluth for many years. Eco3 has received federal funds in the past.

Staff Recommendation:

- Staff recommends funding the application because the activity is listed in the 2015 Consolidated Plan Goal #3. The funding recommendation should be conditioned upon whether Eco3 can secure the other necessary funds to leverage the project.

APPLICATION #2017-32: Lincoln Park Housing / Business Development

Brief Description of Application (including activities and target clientele):

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- The application is for the development and rehabilitation of 9 affordable housing units and 2 businesses in the Lincoln Park neighborhood.

Application goals/outcomes and relation to Consolidated Plan:

- Goal #1: Affordable Rental Housing
- Goal #8: Neighborhood Revitalization

Budget and Project Readiness:

- AICHO already owns the building where the proposed rehab and construction would take place.
- AICHO has completed some pre-development work already including a Phase I environmental study and schematic drawings.
- Funding needs are identified to address most of the project requirements. Plans to secure other sources of funds have been developed, but it is questionable whether these funds will be secured and/or if they will be available upon approval of the grant funds in a timely manner.
- The applicant states that \$1,317,875 is needed for the project, but only lists \$1,317,125 in anticipated program sources.
- The construction budget appears reasonable, but no money has been secured.

Applicant Background:

- The applicant left the “Business/Operations Plan Approach” section of the application blank. AICHO has been a successful grantee in the past, and has exhibited an ability to complete projects in a timely manner.

Staff Recommendation:

- The project would have positive results for the Lincoln Park neighborhood and would meet Consolidated Plan goals. However, the application is incomplete and does not include any secured funding source.